

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7613**

**BILL NUMBER:** HB 1572

**NOTE PREPARED:** Feb 20, 2003

**BILL AMENDED:**

**SUBJECT:** Motorized Farm Vehicles.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**

**X**

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill redefines “implement of husbandry” to “implement of agriculture” for purposes of the motor vehicle code. The bill repeals the definition of, and references to, farm machinery, farm tractor used in transportation, and special farm machinery within the motor vehicle code. It also deletes an obsolete reference to a financing statement for a farm tractor, and it repeals the license fee for certain vehicles used in farming operations. The bill also makes conforming amendments.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** In plate years after 2003, there will be a manufacturing cost savings since these plates will no longer be produced. The first year that the manufacturing cost savings will be seen is in 2007. The savings is estimated at \$57,000 (15,00 x \$3.80 each). The fund affected is the Motor Vehicle Highway Account for the BMV and the PEN Products Revolving Account. PEN Products is the manufacturing and sales arm of prison made products.

**Explanation of State Revenues:** (Revised) *Summary of Revenue Loss:* This bill will result in an annual revenue loss estimated at \$1,287,328, consisting of \$905,174 in lost registration fees, and \$382,154 in lost motor fuel tax revenue.

***Background Information:*** This bill, as drafted, removes the registration requirements for all vehicles currently plated as Special Machinery (in CY 2002, there were 13,346 special machinery (farm vehicles) vehicles registered in the state) and tender trucks. A tender truck is a vehicle which allows for both delivery and transportation. The proposal also defines what is an implement of agriculture. When this is done, the vehicle that is transporting or delivering crop inputs, including seed and fertilizers, would be defined as an implement of agriculture and, therefore, exempt from vehicle registration.

This change in definition would go beyond just tender trucks and include any vehicle associated with farming operations. This fiscal estimate is based on the number of Special Machinery vehicles and tender trucks.

According to the Indiana Plant Food and Agricultural Chemicals Association (IPFACA), there are an estimated 920 tender trucks in the state, perhaps more. The Bureau of Motor Vehicles is attempting to identify the specific number of these vehicles. Because the tender trucks are more efficient carrying a larger load, it is assumed that these vehicles are currently plated as a Truck 54,000 lbs. at a registration fee of \$739.75 and \$313 in Commercial Excise Tax. The annual registration fee for Special Machinery is \$16.75 per vehicle. If these vehicles, 920 tender trucks and 13,346 Special Machinery vehicles, are not registered, the state will lose revenue of \$905,173, as well as a loss of \$287,960 in County Taxes. [Note: The BMV also is allowed to charge \$1.15 for each vehicle subject to excise tax. This accounts for the \$1,058 difference between the \$905,173.50 shown in the table below and the revenue loss based on the following: 13,346 x \$16.75 = \$223,545.50 and 920 Tender Trucks x \$739.75 = \$680,570.00, or \$904,115.50, a difference of \$1,058, or \$1.15 per Tender Truck.]

The revenue loss for the State will affect the following funds:

Motor Vehicle Highway Account	\$559,957.50
Primary Road and Street Account	88,301.60
Local Road and Street Account	72,238.40
State Police Building Fund	3,566.50
Crossroads 2000	83,756.00
Anti-Terrorism Account	17,832.50
Technology Fund	7,133.00
BMVC* Operating	72,388.00
Total State Revenue Loss	\$905,173.50
County Taxes	\$287,960.00
Total Revenue Loss	\$1,193,133.50

\*Bureau of Motor Vehicles Commission.

In addition, under this proposal, these vehicles would no longer be required to pay the fuel use tax. The Department of Revenue estimates that this provision would result in an annual revenue loss of \$382,154. This is based on 920 Tender Trucks traveling 10,000 miles per year at 6.5 miles per gallon. The tax rate is \$.27 per gallon. The fund affected is the State Highway Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See table above for estimated county revenue loss.

**State Agencies Affected:** Bureau of Motor Vehicles; Department of Transportation; State Police; and the Department of Revenue.

**Local Agencies Affected:** Recipients of the above-listed funds.

**Information Sources:** Jane Morrical, Director of Treasury, Bureau of Motor Vehicles, 232-2822 BMV Annual County Count of Motor Vehicles; Jim Poe, Director of Vehicle Services of the Department of Revenue, 615-7201; Major John Hill, Commander of Motor Carrier Enforcement, State Police, 615-7419; Cress Hizer, CEO of the Indiana Plant Food and Agricultural Chemicals Association, (IPFACA), 684-5437.

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